

# Report on ABAG to MCCMC<sup>1</sup>

October 2019

**ABAG HOUSING METHODOLOGY COMMITTEE (HMC):** On October 18, 2019, the ABAG Housing Methodology Committee (HMC) met for the first time to begin discussing a proposed methodology for distributing the housing needs allocations for the 101 cities and 9 counties within the SF Bay Area. As you know, the Regional Housing Need Allocation (RHNA) process is the part of Housing Element Law used to determine how many new homes, and the affordability of those homes, each local government must plan for in its Housing Element. This process is repeated every eight years, and for this cycle the Bay Area is planning for the period from 2022-2030.

Following is a conceptual overview of the RHNA Process, which begins with the CA Department of Housing and Community Development (HCD) identification of the total number of housing units, by income category, for which the Bay Area must plan for 2022 to 2030. ABAG consults with HCD about the need determination, but Housing Element law was recently changed to be more prescriptive about how HCD determines the region's housing need described later.

## Conceptual Overview of the RHNA Process



The HMC will advise ABAG staff on a draft methodology for allocating the entire RHND, and figuring out how to balance the needs of jurisdictions with the needs of the region is the challenge of each RHNA cycle. The HMC input will be brought before the ABAG Regional Planning Committee who will make their recommendations to the ABAG Executive Board which has the authority to make final decisions.

ABAG is required to issue a proposed methodology for public comment and then develop a draft methodology to send to HCD for its review prior to adopting a final methodology. Once the final methodology is adopted by the ABAG Executive Board, ABAG issues a draft allocation to local governments—this is the number of units at each income level that each city and county must show they have the capacity to build. Following the draft allocation, a local government or HCD can appeal the allocation to a particular jurisdiction by making a case that the allocation does not further the RHNA objectives. An appeal of a jurisdiction's allocation does not reduce the RHND for the region. If an appeal is upheld, affected units would be redistributed to others in the region. After ABAG takes action on the appeals, it then issues the final allocation which also be consistent with the development pattern in Plan Bay Area 2050.

Each local government must then revise the Housing Element of its General Plan to show it has **zoned** sufficient sites at densities that will allow it to accommodate its portion of the region's housing need. The Housing Element also identifies policies and strategies the local government will undertake to support housing development and to meet the housing needs of its residents. Similar to the RHNA Plan, each community's Housing Element must affirmatively further fair housing. ABAG's formal role within RHNA ends with adoption of the final allocation—it does not have a say in the approval of local jurisdictions' Housing Elements, which are approved by State HCD. However, ABAG has traditionally provided data and other support to jurisdictions as they develop their Housing Elements.

To ensure the Regional Housing Need Determination (RHND) accounts for unmet existing housing need, in addition to the housing needs projected for 2022-2030, **HCD must include information** about overcrowded households, households that are cost-burdened, and a target vacancy rate for a healthy housing market when identifying the RHND. **These changes are likely to result in a higher RHND for the Bay Area than those the region has received in past cycles.**

<sup>1</sup> Marin County Council of Mayors and Councilmembers (MCCMC)

The HMC must consider 14 different factors from Housing Element Law, as well as other potential factors identified by the committee, for inclusion in the methodology to allocate housing need in a way that achieves the five RHNA objectives. The Housing Element Law factors can be summarized as:

<ol style="list-style-type: none"> <li>1. Existing and projected jobs and housing relationship, <b><i>particularly low-wage jobs and affordable housing</i></b></li> <li>2. Lack of capacity for sewer or water service due to decisions outside jurisdiction's control</li> <li>3. Availability of land suitable for urban development</li> <li>4. Lands protected from urban development under existing federal or state programs</li> <li>5. County policies to preserve prime agricultural land</li> <li>6. Distribution of household growth in <i>Plan Bay Area 2050</i> and opportunities to maximize use of transit and existing transportation infrastructure</li> </ol>	<ol style="list-style-type: none"> <li>7. Agreements to direct growth toward incorporated areas</li> <li>8. Loss of deed-restricted affordable units</li> <li><b>9. <i>Households paying more than 30 percent and more than 50 percent of their income in rent</i></b></li> <li><b>10. <i>The rate of overcrowding</i></b></li> <li>11. Housing needs of farmworkers</li> <li>12. Housing needs generated by a university within the jurisdiction</li> <li><b>13. <i>Units lost during a state of emergency that have yet to be replaced</i></b></li> <li><b>14. <i>The region's GHG targets</i></b></li> </ol>
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\* *Italicized text indicates new factors added for this, the sixth cycle of RHNA.*

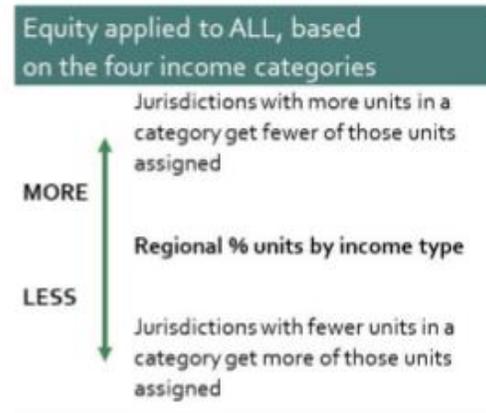
During the first meeting, ABAG staff briefly presented two key concepts from draft allocation methodologies currently under development by the San Diego Council of Governments (SANDAG) and the Sacramento Council of Governments (SACOG). The comparison was intended to illustrate how a RHNA methodology is constructed and ABAG staff is not endorsing any of these specific approaches.

### SANDAG Draft RHNA Methodology

#### Formula for Total Units:



#### Formula for Income Allocation:



Source: [https://www.sandag.org/uploads/projectid/projectid\\_189\\_26289.pdf](https://www.sandag.org/uploads/projectid/projectid_189_26289.pdf)

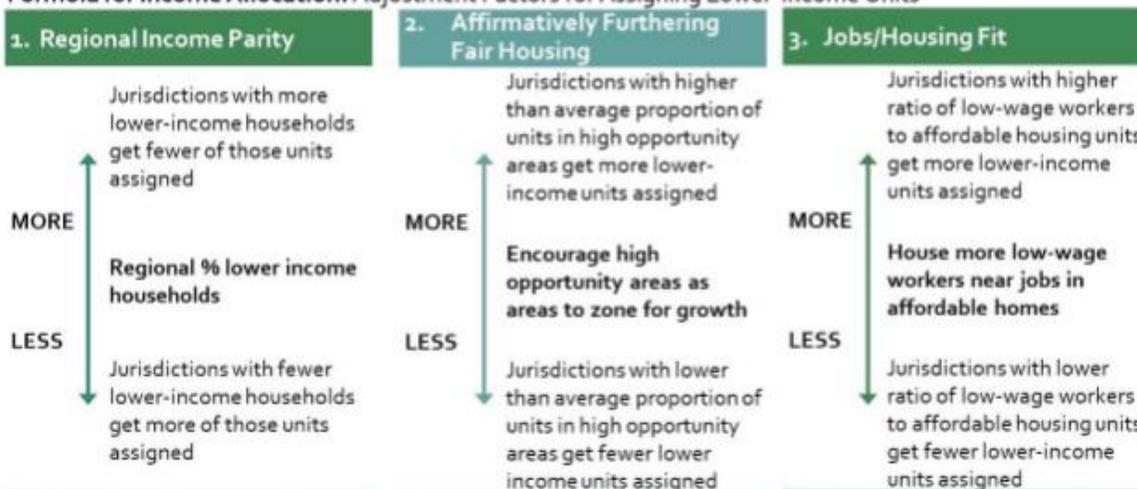
## SACOG Draft RHNA Methodology Framework

### Formula for Total Units:



Housing to jurisdictions based on share of MTP/SCS growth forecast

### Formula for Income Allocation: Adjustment Factors for Assigning Lower-Income Units



Source: [https://www.sacog.org/sites/main/files/file-attachments/draft\\_rhna\\_methodology\\_menu\\_2019-9-17.pdf?1568764417](https://www.sacog.org/sites/main/files/file-attachments/draft_rhna_methodology_menu_2019-9-17.pdf?1568764417)

**REGIONAL GROWTH FORECAST METHODOLOGY:** On September 19, 2019, ABAG conducted a public hearing and adopted (19 to 3) the Regional Growth Forecast Methodology that determines the Regional Control Total (RCT) for Plan Bay Area 2050. The RCT will determine the population and employment forecasts for the different Plan Bay Area 2050 scenarios. The assumption includes the increase of in-commute from Plan Bay Area 2040 adopted in 2017. Unfortunately, this methodology was not brought to ABAG's Regional Planning Committee nor was city and county planners included in the outreach. Two MTC committees – MTC Policy Advisory Council and the Regional Advisory Working Group – provided input. I, along with some other city representatives, did not support the methodology since cities and counties were not engaged.

**PRELIMINARY FINDINGS ON HORIZON STRATEGIES TO BE INCORPORATED INTO PLAN BAY AREA 2050:** In early 2018, MTC/ABAG launched the Horizon initiative to identify transformative solutions to make the Bay Area more resilient and equitable in the coming decades. Each element was crafted to help build a stronger foundation for Plan Bay Area 2050. The process advanced from identifying "Futures" to testing strategies under a wide range of divergent external forces. As a result of this effort, the following proposed strategies will be carried over to Plan Bay Area 2050:

**Economy:** Assess a VMT-Based Fee on Office Development; Create Incubator Programs in Economically-Challenged Areas; and, Expand Childcare Support for Low-Income Families

**Housing:** Allow Diverse Housing in Priority Development Areas (PDAs); Streamline Development in All Growth Areas; Allow Diverse Housing around Major Transit Stops (TPAs); Allow Diverse Housing in High-Resource Areas (HRAs); Transform Aging Malls and Office Parks into Neighborhoods; Fund Affordable Housing Preservation & Production; and, Require 10 to 20 Percent of All New Housing to be Affordable.

**Transportation:** Operate and Maintain the Existing System; Advance a Complete Micromobility Network; Develop a Single Platform to Access and Pay for All Mobility; Advance a New Transbay Rail Crossing; Invest in Free Short-Trip Service; and, Implement Vision Zero Speed Reduction Measures.

**Environment:** Keep Current Urban Growth Boundaries in Place; Partially Adapt to Sea Level Rise; and, Retrofit Older Existing Buildings (Energy, Water, Seismic, Fire, etc.).

**LEGISLATION:** Governor Newsom signed the following 12 housing bills during this legislative session:

- **AB 5** by Assembly Member Gonzalez creates the Affordable Housing and Community Development Investment Program that authorizes a city, county, city and county, joint powers agency, enhanced infrastructure financing district, affordable housing authority, community revitalization and investment authority, transit village development district, or a combination of those entities, to apply to the Affordable Housing and Community Development Investment Committee to participate in the program and would authorize the committee to approve or deny plans for projects meeting specific criteria. The bill would also authorize certain local agencies to establish an affordable housing and community development investment agency and authorize an agency to apply for funding under the program and issue bonds, as provided, to carry out a project under the program.
- **AB 1399** by Assembly Member Bloom prohibits a payment of punitive damages from being construed to extinguish the owner's obligation to offer the accommodations to a prior tenant or lessee. This bill also requires the date of withdrawal for the accommodations to be the latest termination date among all tenants within the accommodations for purposes of calculating specified time periods, as specified. The bill would make conforming changes to clarify the application of these provisions with respect to accommodations with multiple units and with respect to requirements to give notice to public entities and tenants with extended tenancies. The bill would also conform a statement of legislative intent relating to the Ellis Act to specify that it is not intended to permit an owner to return to the rental market less than all of the accommodations, among other things. The bill would also amend this statement of legislative intent to make further statements regarding what the act is not intended to permit on the part of an owner.
- **AB 1482** by Assembly Member Chiu creates a statewide limit on rent increases of 5% plus inflation, and requires that landlords provide a "just cause" when evicting tenants who have been renting for a year. The measure exempts units under 15 years old and will sunset after 10 years.
- **AB 1483** by Assembly Member Grayson requires cities and counties to maintain a current schedule of fees, exactions and affordability requirements for proposed housing development projects on its website. It also requires cities and counties to make all zoning ordinances and development standards available on their website.
- **AB 1485** by Assembly Member Wicks requires a development to dedicate 20% of the total number of units to housing affordable to households making below 120% of the area median income with the average income of the units at or below 100% of the area median income
- **AB 1486** by Assembly Member Ting expands the definition of local agency to include all districts within the state to adhere to specific requirements for the disposal of surplus lands.
- **AB 1487** by Assembly Member Chiu establishes the Bay Area Housing Finance Authority that can place a ballot measure in the SFBA and allocate new revenue (head tax, etc...), incur and issue bonds and other indebtedness, and allocate funds for affordable housing. The bill would also authorize the executive board of the Association of Bay Area Governments to impose a commercial linkage fee, as defined, in an amount not to exceed the equivalent of \$10, and require a city or county in the San Francisco Bay area that has jurisdiction over the approval of a commercial development project, as defined, to collect that fee as a condition of that approval and remit the amount of fee to the authority. The executive board of the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) would decide what form a potential revenue-raising measure would take.
- **AB 1783** by A Assembly Member Robert Rivas (D-Hollister) – H-2A worker housing: state funding: streamlined approval process for agricultural employee housing development.
- **SB 6** by Senator Beall requires the Department of Housing and Community Development to furnish the Department of General Services with a list of local lands suitable and available for residential development and for the CA Department of General Services to create a database of local and state lands determined or declared excess and available for residential developments.
- **SB 13** by Senator Wieckowski authorizes the creation of ADU in areas zoned for single-family or multi-family dwelling residential use.
- **SB 330** by Senator Skinner prohibits (until January 1, 2025) local governments from disapproving, or conditioning approval in a manner that renders infeasible, a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings. It also requires that a housing development project be subject to the ordinances, policies, and standards adopted and

in effect when a preliminary application is submitted and prohibits a city or county from conducting more than 5 hearings.

- **SB 744** by Senator Caballero requires the Department of Housing and Community Development to award \$2,000,000,000 among counties to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for the target population, as specified. Existing law requires that \$1,800,000,000 of the moneys available under the program be awarded, in at least 4 rounds, by a competitive program based on specified criteria, including that the county has developed a county plan to combat homelessness.

The Governor vetoed almost 70 bills including the following housing bills in this legislative session:

- **AB 386** by Assembly Member Eduardo Garcia (D-Coachella) – Agricultural Working Poor Energy Efficient Housing Program. A veto message can be found [here](#).
- **AB 1437** by Assembly Member Phillip Chen (R-Yorba Linda) – Local government: redevelopment: revenues from property tax override rates. A veto message can be found [here](#).
- **SB 5** by Senator Jim Beall (D-San Jose) – This bill proposed to establish the Affordable Housing and Community Development Investment Program. It would authorize local governments an opportunity to apply to the Investment Committee for projects meeting specific criteria; and, to establish an affordable housing and community development investment agency and apply for funding. The Governor wrote in his veto message that this bill would increase costs by \$2M annually. To read his veto message, it can be found [here](#).

## UPCOMING MEETINGS<sup>2</sup>

- **October 23, 2019** -- **MTC Commission, 9:30 am**  
**Joint ABAG/MTC Governance Committee, 11:00 am**
- **November 6, 2019** -- **ABAG RPC Housing Subcommittee, 10:00 am**  
**ABAG Regional Planning Committee, 1:00 pm**
- **November 8, 2019** -- **Joint ABAG Administrative and MTC Planning Committees, 9:00 am**  
**Joint ABAG and MTC Legislative Committees, 9:40 am**
- **November 12, 2019** -- **RAWG Workshop on Transportation Element - Plan Bay Area, 9:30 am**
- **November 14, 2019** -- **ABAG Housing Methodology Committee, 10:00 am**  
**Alameda County Transportation Commission, 1111 Broadway #800, Oakland**
- **November 20, 2019** -- **MTC Commission, 9:30 am**  
**Joint ABAG/MTC Governance Committee, 11:00 am**
- **November 21, 2019** -- **ABAG Legislation Committees, 5:00 pm**  
**ABAG Finance Committee, 6:00 pm**  
**ABAG Executive Board, 7:00 pm**
- **December 4, 2019** -- **ABAG Regional Planning Committee, 1:00 pm**
- **December 13, 2019** -- **MTC Commission, 9:30 am**  
**Joint ABAG/MTC Governance Committee, 11:00 am**
- **December 14, 2019** -- **ABAG Housing Methodology Committee, 10:00 am, Location TBD**

If you have questions, contact Pat Eklund, Council Member, City of Novato at 415-883-9116 and/or [pateklund@comcast.net](mailto:pateklund@comcast.net)).

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<sup>2</sup> All meetings are held at 375 Beale Street in San Francisco, unless noted otherwise.